

Notice to Shareholders

San Juan, Puerto Rico

For Immediate Release

Recent Development Highlights pertaining to the Commonwealth of Puerto Rico and the UBS and Puerto Rico Investors Families of Funds (each, a "Fund" and collectively, the "Funds"):

Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's"), and S&P Global Ratings ("S&P") have downgraded the general obligation bonds ("GOs") of the Commonwealth of Puerto Rico as well as the obligations of certain Commonwealth agencies and public corporations, including the Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS"), on numerous occasions. Most recently, Fitch downgraded the GOs to "D" (default) and its ratings for the Commonwealth as a bond issuer, to "RD" on July 6, 2016, and for COFINA and ERS, both to "D" on July 3, 2017 and July 20, 2017, respectively. S&P had previously downgraded ERS, to "C" on September 10, 2015, and subsequently the GOs, to "D" (default) on July 7, 2016, and the debt ratings for the Government Development Bank for Puerto Rico, to "D" (default) on September 8, 2016, and for COFINA, to "D" (default) on June 6, 2017. Finally, Moody's downgraded ERS, to "C" on April 5, 2017, and the GOs, to "Ca" on October 11, 2017. No ratings have been issued on the newly-issued exchange bonds by the Puerto Rico Sales Tax Financing Corporation ("COFINA"), as described below.

On June 30, 2016, the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") was signed into law. It created the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board") with broad powers designed to help the Commonwealth balance its finances, restructure its debt, and ensure a return to the markets. The enactment of PROMESA operated as a stay of any actions or proceedings against the Commonwealth and its agencies and instrumentalities by its creditors, which stay was in effect through May 1, 2017. As of that date, the Oversight Board has filed five (5) petitions to commence cases under Title III of PROMESA in the U.S. District Court for the District of Puerto Rico (the "District Court") with respect to all debt issued by the following: the Commonwealth of Puerto Rico; COFINA; ERS; the Puerto Rico Highways and Transportation Authority; and the Puerto Rico Electric Power Authority ("PREPA"). The filing of these petitions triggered a new stay of any actions or proceedings against these five debtors.

In the COFINA Title III case, the Commonwealth, COFINA, certain COFINA bondholders, and others participated in a mediation process, led by a team of five judges appointed by the District Court. On August 29, 2018, COFINA, the Puerto Rico Fiscal Agency and Financial Advisory Authority (known by its Spanish initials "AAFAF"), the Oversight Board, and certain COFINA credit parties entered into a Plan Support Agreement, which provided for the apportionment of Puerto Rico's sales and use tax between the Commonwealth and COFINA and the restructuring of COFINA's debt and served as the basis for a plan of adjustment for the COFINA debt. COFINA's Third Amended Plan of Adjustment (the "Plan") was approved by the District Court on February 4, 2019 and went effective on February 12, 2019. Pursuant to the Plan, COFINA bondholders received newly-issued COFINA bonds based on their creditor class. Under the Plan, the newly exchanged bonds are secured by 53.65% of the pledged sales and use tax through 2058, which amount to \$420 million for fiscal year 2019, and increase by 4% each year thereafter, capping out at \$992.5 million in fiscal year 2041. Following the consummation of the Plan, several labor unions and other litigants filed notices with the U.S. Court of Appeals for the First Circuit (the "Circuit Court"), to appeal the District Court's approval of the Plan.

In the ERS Title III case, certain ERS bondholders had reached a consensual agreement with the Commonwealth, ERS, and the Oversight Board prior to May 21, 2017, which provided, among other things, that (i) all employer contributions received by ERS during the pendency of the PROMESA stay would be segregated in an account for the benefit of holders of the ERS bonds, and (ii) ERS would transfer to Bank of New York Mellon ("BNYM"), as ERS' fiscal agent, the amounts required each month for the payment of interest on the ERS bonds. After the filing of ERS' Title III petition on May 21, 2017, AAFAF, on behalf of ERS, delivered a non-funding notice as permitted under this agreement on June 5, 2017, stating that ERS would discontinue transferring the amounts necessary to pay interest due on the ERS bonds commencing on July 1, 2017 and going forward. Certain ERS bondholders filed a motion to lift the automatic stay with the District Court on May 31, 2017, to seek adequate protection of the ERS bondholders' collateral. The Puerto Rico Legislature adopted a joint resolution on June 25, 2017, which, among other things, purported to terminate the obligations of all Puerto Rico central government instrumentalities, as well as all public corporations and municipalities, to transmit employer contributions to ERS. On June 28, 2017, the District Court ordered the ERS creditors, the Oversight Board, and the Commonwealth to attempt to reach another consensual agreement, in line with what was previously agreed.

On July 17, 2017, the District Court issued an order approving a joint stipulation (the "Joint Stipulation") entered into among certain ERS bondholders, the Commonwealth, ERS, and the Oversight Board, which provided for (i) the payment of interest on the ERS bonds through the date on which the District Court would enter a ruling in an action seeking declaratory relief regarding the validity of ERS bondholders' liens and security interests in certain collateral, as well as (ii) the deposit by the Commonwealth of approximately \$18,500,000 in employer contributions from municipalities and public corporations into a segregated account of ERS for the benefit of ERS bondholders in each of July, August, September, and October of 2017 (the "Declaratory Relief Action"). The Fund received the required interest payments on the ERS bonds through and including November 1, 2017. On December 28, 2017, the District Court issued another order (the "December 2017 Order"), affirming that the Joint Stipulation required the continued payment of monthly interest on the ERS bonds in the aggregate amount of \$13,876,582.48 beyond October 31, 2017. These interest payments continued until July 20, 2018, when the amounts held in the segregated account for such interest payments were exhausted. The December 2017 Order also contemplated that the monthly interest payments required thereunder be applied to all series of the ERS bonds, including capital appreciation bonds that would otherwise not be entitled to current interest, with such payments expressly constituting "adequate protection payments" for all ERS bondholders, in accordance with the December 2017 Order, PROMESA, and the U.S. Bankruptcy Code. The District Court reserved for future consideration the final allowance and treatment of such "adequate protection payments" in determining the allowed amount of the claims under the ERS bonds in the ERS Title III case.

The District Court dismissed the Declaratory Relief Action on August 17, 2018, ruling against the ERS bondholders and determining, among other things, that they did not possess a perfected security interest in the ERS bondholders' collateral and that any security interest held by the ERS bondholders in the ERS collateral was invalid and unenforceable. The District Court, however, did not resolve the issue of whether the security interest of the ERS bondholders attached to revenues received by ERS during the post-petition period since it had decided that the ERS Bondholders' security interest had not been perfected. On January 30, 2019, the Circuit Court reversed the District Court's order and remanded to the District Court for further proceedings. On April 30, 2019, the Oversight Board filed a petition of Certiorari at the Supreme Court, requesting review of the Circuit Court's Judgment. In addition to defending the ERS bondholders' collateral in the Declaratory Relief Action, certain ERS bondholders

instituted a lawsuit on July 27, 2017, challenging the Puerto Rico Legislature's June 25, 2017 joint resolution purporting to terminate employer contributions to ERS. That litigation remains pending.

On February 15, 2019, the Circuit Court reversed a prior District Court decision that had validated the process by which the Oversight Board was appointed. The Circuit Court concluded that the appointments clause of the U.S. Constitution requires Senate confirmation of all principal officers of the U.S. government, including the Oversight Board members. However, the Circuit Court only severed the specific invalidated clauses from the remaining provisions of PROMESA and did not invalidate the entire statute, rejecting the appellants' request to invalidate all actions taken by the Oversight Board to date. The Circuit Court granted a 90-day stay on its ruling, to allow the President and U.S. Senate to reconstitute the Oversight Board. On April 29, 2019, the White House notified its intention to ask the U.S. Senate to confirm the current members of the Oversight Board. Afterwards, on May 6, 2019, the Circuit Court granted an additional 60 days to allow for the reappointment of the Oversight Board members, setting a July 15, 2019 deadline.

Between April 30, 2019 and May 2, 2019, the Oversight Board and the Commonwealth's Unsecured Creditors Committee filed complaints against certain bondholders, as well as certain individuals and companies supplying goods and services to the Commonwealth, seeking to avoid transfers and disallow claims relating to allegedly fraudulent transfers under the Commonwealth laws and U.S. Bankruptcy Code. On May 23, 2019, the Oversight rejected the government's revised 2019-2020 budget for the Commonwealth as not compliant with the PROMESA requirements and, on May 28, 2019, delivered their version of a revised compliant budget to the Puerto Rico government for review and adoption.

Any future developments in this respect could result in additional interruptions in cash flow on debt payments, which may result in more price volatility, across Puerto Rico securities. There can be no assurance that any additional defaults by the Commonwealth and other Commonwealth instrumentalities will not have an additional adverse impact on a Fund's net investment income and its ability to declare and pay dividends in the future.

The passage of Hurricane María over Puerto Rico on September 20, 2017 is considered the most destructive storm to hit Puerto Rico in almost 90 years. It knocked out all electric power, destroyed more than 100,000 homes, and ruptured bridges and other public infrastructure. Puerto Rico is facing substantial economic and revenue disruption in the near term, and diminished output and revenue has negatively impacted the Puerto Rico government's ability to repay its debt. While it remains too early to determine the long-term economic effects post-Hurricane María, the long-term repercussions may be mixed. On one hand, an exodus of residents relocating to the U.S. mainland has eroded Puerto Rico's economic base. However, significant amounts of U.S. federal aid and private insurance proceeds will be available to aid in rebuilding, thereby spurring economic growth and infrastructure replacement.

On February 9, 2018, President Donald J. Trump signed into law the Bipartisan Budget Act of 2018, which includes a disaster relief package of up to \$16 billion for Puerto Rico and the U.S. Virgin Islands, to be used for the Medicaid program and projects under the Community Development Block Grant. Delays in the implementation of procedures for the disbursement of such funds in Puerto Rico have been widely reported. Governor Rosselló has also announced plans to privatize PREPA and the generation of energy in Puerto Rico and award a concession of the distribution and transmission of energy. Thereafter, on February 13, 2018, the Commonwealth, PREPA, and the Puerto Rico Aqueduct and Sewer Authority submitted revised fiscal plans to the Oversight Board for its review and certification. Such fiscal plans will establish the fiscal roadmap for the Commonwealth through the fiscal year ending in 2023. The Oversight Board has requested revisions to such fiscal plans on various occasions.

On May 24, 2018, President Trump signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155), which contains an amendment to the U.S. Investment Company Act of 1940, as amended (the "1940 Act"), to repeal the exemption from its coverage of investment companies created under the laws of Puerto Rico, the U.S. Virgin Islands, or any other U.S. possession. The bill amends the 1940 Act by eliminating the exemption provided to U.S. possessions under its Section 6(a)(1). The repeal of the exemption will take effect three (3) years after enactment of the bills. The amendment also provides the U.S. Securities and Exchange Commission ("SEC") with the authority to extend the three-year safe harbor by up to an additional three (3) years. According to a report issued by the House Financial Services Committee in connection with a similar amendment previously considered by the U.S. House of Representatives, the elimination of the 1940 Act exemption of investment companies headquartered in a U.S. territory would subject them to existing U.S. federal requirements for investment companies, such as registering with the SEC, meeting minimum capital requirements, making disclosures to investors, and registering the securities they offer. Currently, Funds' management is evaluating the impact that these additional requirements will have on each Fund and is seeking guidance from the SEC as to the application of the 1940 Act's provisions and regulations. The Funds are currently exploring with the SEC whether there may be possible SEC relief alternatives to address each Fund's specific circumstances, including the possibility of extending the three-year safe harbor. The cost of the mandate will include registration fees and the ongoing costs of complying with SEC requirements. There is no assurance as to what the ultimate impact of this law may be on each Fund or what guidance the SEC may provide in such respect.

On November 29, 2018, the Puerto Rico government announced that it had concluded the restructuring of the debt of the Government Development Bank for Puerto Rico ("GDB"). The GDB restructuring under Title VI of PROMESA covers approximately \$4 billion of debt; bondholders received \$550 of new bonds for every \$1,000 of their existing GDB bond claims, while Puerto Rico municipalities will realize about \$55 million in near-term debt service savings.

On May 3, 2019, PREPA, AAFAF, the Oversight Board, and the Ad Hoc Group of PREPA Bondholders executed a Definitive Restructuring Support Agreement (the "RSA"). Pursuant to the RSA, the bondholders will exchange their existing PREPA bonds for two types of new securitization bonds. The RSA provides that the repayment of the bonds will be backed by a fixed transition charge (the "Transition Charge"), subject to a predetermined maximum, that does not vary with the fluctuation in sales of PREPA. The exchange ratio of the Series A bonds will be approximately 67.5% of the respective bond holder's claim amount (as further described in the RSA), while the Series B bonds will be exchanged for capital appreciation bonds with an additional recovery of approximately 10% of the respective claim (as further described in the RS). Interest accrued on the Series A bonds is paid only to the extent that there are sufficient receipts from the Transition Charge to pay such interest; otherwise, the interest thereon will accrue and compound. Principal on the Series A bonds will be paid to the extent there are excess receipts from the Transition Charge, after payment of interest. There will be no debt service payments on the Series B bonds until the Series A bonds are paid in full. The terms of the RSA require the enactment of legislation by the Puerto Rico Government and will be subject to the approval of the District Court. Certain members of the U.S. House of Representatives have expressed reservations regarding the RSA.

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